NEWS RELEASE

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ANCHORAGE MAN INDICTED BY FEDERAL GRAND JURY FOR FALSE TAX RETURNS AND OBSTRUCTION AND FRAUD CHARGES

Anchorage, Alaska – United States Attorney Nelson P. Cohen announced that on October 17, 2007, Eugene George Warner, age 64, of Anchorage, Alaska, has been indicted by a federal grand jury in Anchorage on one count of tax evasion, one count of attempting to obstruct the Internal Revenue Service (IRS), four counts of filing false tax returns, two counts of bankruptcy fraud, and 12 counts of mail fraud.

According to the indictment, Warner owed approximately $500,000 to the IRS for his 1990-1998 income taxes. He placed bank accounts and real estate, including his home in Anchorage and rental properties in Hilo, Hawaii, into "trusts" in order to conceal his ownership and control of the assets. This made it difficult for the IRS to locate assets against which it could collect the taxes Warner owed. The indictment alleges that Warner falsely denied owning the properties in sworn written statements to the IRS and the U.S. District Court. When the IRS continued to attempt to collect taxes, Warner allegedly threatened IRS employees with economic and other harm if they continued to do so. Warner attempted to discharge his IRS debts, and other debts, in a 2003 proceeding in bankruptcy court. According to the indictment, Warner again failed to disclose his ownership of the bank accounts and real estate in his sworn financial statement to the bankruptcy court, and again in false sworn testimony in a December 18, 2003 hearing.

The indictment alleges that, in conjunction with the bankruptcy, Warner signed and filed false 1999-2002 individual income tax returns in 2003, which failed to report his taxable retirement income from the State of Alaska, as well as rental income from the Hawaii properties. After the bankruptcy was dismissed for bad faith in 2004, Warner sent false demands for money to various creditors, attempting to eliminate credit card, mortgage, and other debt by threatening economic harm to the creditors. In fact, Warner allegedly demanded that the creditors not only eliminate his debts, but that they send him money. This was done though the mailing of various fictitious financial documents, including "commercial affidavits" and bogus "International Bills of Exchange."

Assistant United States Attorneys Crandon Randell and Thomas Bradley, who presented the case to the grand jury, indicated that the law provides for a maximum total sentence of five years in prison for tax evasion and bankruptcy fraud, three years for filing false tax returns and obstructing the IRS, and 20 years on each mail fraud count. All 20 counts carry the potential of a $250,000 fine. Under the Federal Sentencing Guidelines, the actual sentence imposed will be based upon the seriousness of the offenses and the prior criminal history of the defendant.

The Internal Revenue Service–Criminal Investigation and the Treasury Inspector General for Tax Administration conducted the investigation leading to the indictment in this case.

An indictment is only a charge and is not evidence of guilt. A defendant is presumed innocent and is entitled to a fair trial at which the government must prove guilt beyond a reasonable doubt.

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